



**Arizona Department of Health Services
Division of Behavioral Health Services**

**ANNUAL REPORT
FISCAL YEAR 2008**

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Submitted in Compliance with A.R.S. §36-3405 (A) (B) (C)

**Published By:
Arizona Department of Health Services
Division of Behavioral Health Services
150 North 18th Avenue, Suite 200
Phoenix Arizona 85007
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ARIZONA DEPARTMENT OF HEALTH SERVICES
DIVISION OF BEHAVIORAL HEALTH

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ARIZONA DEPARTMENT OF HEALTH SERVICES
DIVISION OF BEHAVIORAL HEALTH

INTRODUCTION

The Arizona Department of Health Services/Division of Behavioral Health Services (ADHS/DBHS) submits the following programmatic and financial Annual Report for State Fiscal Year 2008 (SFY08), in compliance with Arizona Revised Statutes (ARS) §36-3405(A)(B) and (C). The report identifies the number of clients served by funding category and program; and includes programmatic financial reports of revenues, expenditures and administrative costs.

ADHS/DBHS PROGRAMMATIC and FINANCIAL REPORT

In order for ADHS/DBHS to ensure that behavioral health services are delivered in accordance with the ADHS/DBHS' system principles, individuals in need of services need to be enrolled with the behavioral health system and all available funding must be managed efficiently and appropriately.

ADHS/DBHS received a total of \$1,162,352,106 in funding for Fiscal Year (FY) 2008. ADHS/DBHS' administrative costs totaled \$27,709,588 and statewide service costs totaled \$1,147,646,544. The following information identifies ADHS/DBHS' revenues and expenditures including specific identification of administrative costs for each behavioral health program by the following categories

1. The Seriously Mentally Ill
2. Alcohol and Drug Abuse
3. Severely Emotionally Handicapped Children
4. Domestic Violence
5. The Arizona State Hospital

REVENUES and EXPENDITURES

Tables 1 through 4, provide ADHS/DBHS' annual revenues and expenditures pertaining to FY 2008. Revenue tables are compiled and categorized based on legislative appropriations, federal grant awards, and intergovernmental agreements which in some cases may not agree with categories as specified in ARS § 36-3405(B).

ADHS/DBHS does not categorize members and services for domestic violence; therefore, this category is not itemized in the report. Attachment A provides detailed information on the Arizona State Hospital.

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Table 1: Statewide Revenue by Program

Statewide Revenue by Program SFY08		
Funding	Amount Received	Percentage
Title XIX Children	\$ 355,588,700	30.59%
Non TXIX Children	\$ 8,859,450	0.76%
TXXI Children	\$ 14,710,691	1.27%
TXIX SMI	\$ 331,923,200	28.56%
Non TXIX SMI	\$ 95,305,889	8.20%
TXXI SMI	\$ 3,115,599	0.27%
TXIX GMH/SA	\$ 182,196,900	15.67%
Non TXIX GMH/SA	\$ 16,082,700	1.38%
TXXI GMH	\$ 2,074,794	0.18%
Federal Grants	\$ 43,368,798	3.73%
ISA/IGA	\$ 48,109,703	4.14%
Administration	\$ 41,925,165	3.61%
Other	\$ 19,090,517	1.64%
Total	\$ 1,162,352,106	100.00%

Table 2: Total ADHS/DBHS Funding Services and Administration

Total Behavioral Health Services Funding Services & Administration FY 2008		
Funding	Amount Paid	Percentage
Title XIX	\$ 647,519,747	55.09%
Title XIX Proposition 204	\$ 286,245,516	24.35%
Title XXI	\$ 20,172,754	1.72%
Federal Funds	\$ 42,734,419	3.64%
Non Title XIX/XXI Funds General Funds	\$ 129,343,503	11.00%
County Funds	\$ 42,028,841	3.58%
Tobacco Tax HLTH Care Fund MNMI Account	\$ 2,064,000	0.18%
Other (1)	\$ 5,247,352	0.45%
Total	\$ 1,175,356,132	100.00%
(1) PASRR, Liquor Fees, City of Phoenix LARC, COOL Program, Indirect, SSDI/GMH, MMA Part D, DES/RSA, RTI Project.		
Source Data: Accounting Event Data Warehouse		

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Table 3: Administrative Funding

Administrative Funding FY 2008		
Funding	Amount Paid	Percentage
Title XIX	\$ 14,675,432	52.96%
Title XIX Proposition 204	\$ 7,132,621	25.74%
Title XXI	\$ 507,750	1.83%
Federal Funds	\$ 2,767,164	9.99%
Non Title XIX/XXI Funds General Funds	\$ 2,132,030	7.69%
County Funds	\$ 125,700	0.45%
Other (1)	\$ 368,891	1.33%
Total	\$ 27,709,588	100.00%
(1) Other includes PASRR, COOL Program, DES/RSA & Indirect, RTI Project, DES RSA.		
Source Data: Accounting Event Data Warehouse		

Table 4: Statewide Funding by Program

Statewide Funding by Program FY 2008		
Funding	Amount Paid	Percentage
Title XIX Children	\$ 327,797,352	28.56%
Non TXIX Children	\$ 19,231,770	1.68%
TXXI Children	\$ 14,673,628	1.28%
TXIX SMI	\$ 393,049,030	34.25%
Non TXIX SMI	\$ 130,601,171	11.38%
TXXI SMI	\$ 2,628,627	0.23%
TXIX GMH/SA	\$ 191,110,829	16.65%
Non TXIX GMH/SA	\$ 50,249,770	4.38%
TXXI GMH	\$ 2,362,749	0.21%
Non TXIX Prevention	\$ 12,167,984	1.06%
Other Programs(1)	\$ 3,773,634	0.33%
Total	\$ 1,147,646,544	100.00%
(1) PASRR, Liquor Fees, City of Phoenix LARC, COOL Program.		
Source Data: Accounting Event Data Warehouse		

ARIZONA DEPARTMENT OF HEALTH SERVICES
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During FY 2008, 216,272 behavioral health recipients received behavioral health services as depicted in the following tables:

Table 5 provides information on the number of ADHS/BHS clients enrolled during SFY08 and Table 6 provides information on the number of clients who were served under the following assumptions:

1. Client eligibility is to be broken out into TXIX/TXXI and Non-TXIX.
2. Client behavioral health category is to be broken out into Seriously Mentally Ill (SMI), Substance Abuse (SA), General Mental Health (GMH), Serious Emotional Disturbed Children (SED) and Children.
3. SED is determined from the latest client demographic by Behavior_Health_Cat_Cd "Z".
4. "Served" in this report means that the client had at least one encounter in FY 2008.

Table 5: ADHS/DBHS Clients Enrolled in FY 2008

Persons Enrolled in FY 2008		
Eligibility	BHC	Count
TXIX/TXXI	SMI	28,218
	SA	24,007
	GMH	58,939
	SED	11,202
	CHILD	41,532
	Total	163,898
NON-TXIX	SMI	13,455
	SA	11,070
	GMH	22,612
	SED	606
	CHILD	4,631
	Total	52,374
All Eligibilities	SMI	41,673
	SA	35,077
	GMH	81,551
	SED	11,808
	CHILD	46,163
	Total	216,272

1 All data sources are effective as of month-end November 2008 (unless otherwise noted)

2

BHSD.QM_ENRL_FY_2008
H78DWH.H78_SNAP_INTAKE
H78DWH.H78_SNAP_CLOSURE
H78DWH.H78_SNAP_PRIMARY_CLIENT
H78DWH.H78_SNAP_CLIENT_DUMMY_ID
H78DWH.H78_SNAP_CLIENT_DEMOG
H78DWH.H78_SNAP_ELIGIBILITY
H78DWH.H78_AHCCCS_SSN_CROSSWALK

H78DWH.H78_ATRISK
BHSD.QM_ENCOUNTER_FY2008
H78DWH.H78_SNAP_ENCOUNTER
DQMP.QM_APPENDIX_B2_CONVERSION
DQMP.QM_APPENDIX_B2_CAT_REF
H78DWH.H78_SNAP_PROV_DEMOGRAPHICS
H78DWH.H78_SNAP_PRIMARY_CLIENT

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Table 6: ADHS/DBHS Clients Served in FY 2008

Persons Served in FY 2008		
Note: The term served here means that the clients had at least one encounter in FY 2008		
Eligibility	BHC	Count
TXIX/TXXI	SMI	27,791
	SA	20,935
	GMH	53,379
	SED	10,805
	CHILD	37,584
	Total	150,494
NON-TXIX	SMI	13,113
	SA	8,233
	GMH	16,962
	SED	482
	CHILD	3,384
	Total	42,174
All Eligibilities	SMI	40,904
	SA	29,168
	GMH	70,341
	SED	11,287
	CHILD	40,968
	Total	192,668

1 All data sources are effective as of month-end November 2008 (unless otherwise noted)

2

BHSD.QM_ENRL_FY_2008

H78DWH.H78_SNAP_INTAKE

H78DWH.H78_SNAP_CLOSURE

H78DWH.H78_SNAP_PRIMARY_CLIENT

H78DWH.H78_SNAP_CLIENT_DUMMY_ID

H78DWH.H78_SNAP_CLIENT_DEMOG

H78DWH.H78_SNAP_ELIGIBILITY

H78DWH.H78_AHCCCS_SSN_CROSSWALK

H78DWH.H78_ATRISK

BHSD.QM_ENCOUNTER_FY2008

H78DWH.H78_SNAP_ENCOUNTER

DQMP.QM_APPENDIX_B2_CONVERSION

DQMP.QM_APPENDIX_B2_CAT_REF

H78DWH.H78_SNAP_PROV_DEMOGRAPHICS

H78DWH.H78_SNAP_PRIMARY_CLIENT

ATTACHMENT A

**ANNUAL REPORT
FISCAL YEAR 2008**

Arizona State Hospital

*Submitted in Compliance with
A.R.S. 36-3405(B) (5)
And 36-209(A, 1-8)*



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THE ARIZONA STATE HOSPITAL

VISION AND MISSION STATEMENTS

A.R.S.36-209 A-8

VISION STATEMENT

Arizona State Hospital will meet the needs of our patients and other customers in collaboration with our community partners. We will continue to be a unique and valuable resource in the provision of specialized psychiatric treatment, rehabilitation, education and research. We will always strive to improve our performance.

MISSION STATEMENT

The Mission of the Arizona State Hospital is to restore and enhance the mental health of persons requiring specialized in-patient psychiatric services in a safe, therapeutic environment.

DESCRIPTION OF THE ARIZONA STATE HOSPITAL

The Arizona State Hospital is located on a 93-acre campus at 24th Street and Van Buren in Phoenix, Arizona. As a component of the statewide continuum of behavioral health services provided to the residents of Arizona, the Hospital is a part of the Arizona Department of Health Services. The Arizona State Hospital provides long term inpatient psychiatric care to the most seriously mentally ill Arizonans. The facility operates programs within a 338 funded bed capacity and is accredited by the Joint Commission and is certified to receive reimbursement from Medicare.

As Arizona's only state-operated psychiatric hospital, it is imperative to communicate the hope of recovery for each individual served. The care is delivered in collaboration with the patient, family or legal representatives and community providers. There is continual focus to identify individual recovery supports that will lead toward community reintegration, which becomes a cornerstone of the admission and treatment process at the Arizona State Hospital.

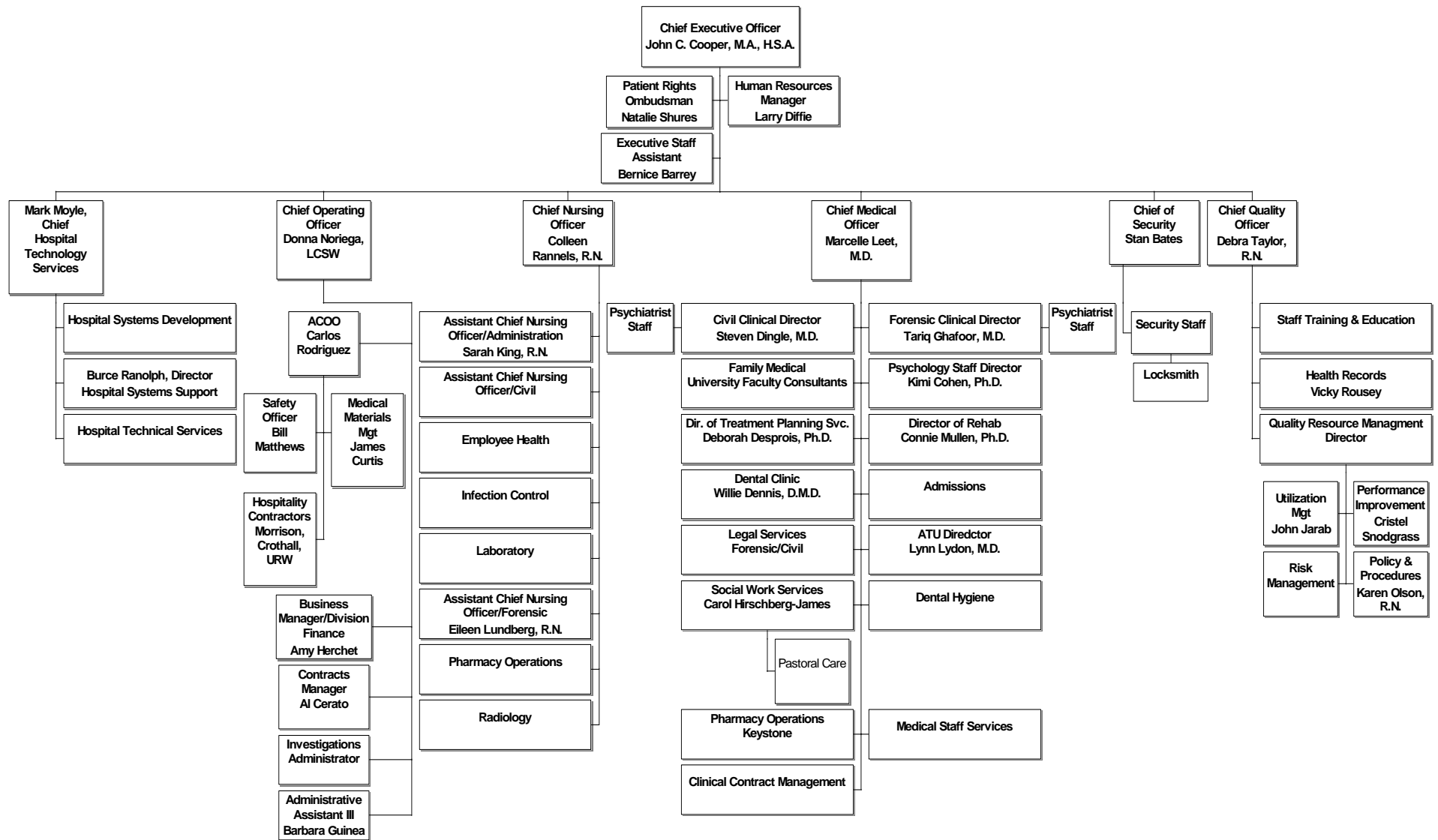
Treatment at the Hospital is considered the "the highest and most restrictive" level of care in the state, and patients are admitted as a result of an inability to be maintained in a community facility, or because of their legal status. Hospital personnel continually strive to provide state-of-the-art inpatient psychiatric and forensic care. The Hospital is committed to the concept that all patients and personnel are to be treated with dignity and respect.

Authorized by A.R.S. §36-201 through 36-207, the Arizona State Hospital is required to provide inpatient care and treatment to patients with mental disorders, personality disorders or emotional conditions. While providing evaluation and active treatment, the Hospital is continually cognizant of the rights and privileges of each patient, particularly the patient's right to confidentiality and privacy.

Overall governance for the Hospital is provided by the **Arizona State Hospital Governing Body**. The Deputy Director of the Arizona Department of Health Services/Division of Behavioral Health Services chairs this committee. The Governing Body consists of the Deputy Director, The Division of Behavioral Health Medical Director, a representative from the Central Budget Office, a Hospital Physician, Community Representatives- including family and consumers, the Arizona State Hospital Chief Executive Officer (Superintendent) and the Chief Medical Officer.

As required by statute (A.R.S. §36-217), the **Arizona State Hospital Advisory Board** advises the Deputy Director of the Arizona Department of Health Services/Division of Behavioral Health Services and the Chief Executive Officer of the Hospital in the development, implementation, achievement and evaluation of Hospital goals and communicates special Hospital or patient needs directly to the Office of the Governor. The Hospital Advisory Board consists of 13 Governor-appointed members.

The Hospital receives overall direction from the **Chief Executive Officer (CEO)** who reports to the Deputy Director of the Arizona Department of Health Services / Division of Behavioral Health Services. The CEO supervises the various leaders of the Hospital. These leaders include the Chief Medical Officer, the Chief Operating Officer, the Chief Quality Officer, the Chief Nursing Officer and the Chief of Security, Chief of Technology Services, Human Resource Manager and the Patient Rights Ombudsmen. These Executive Management Team members oversee Hospital operation, establish administrative policies and procedures and direct Hospital planning activities.



ARIZONA STATE HOSPITAL PROGRAMMATIC REPORT

A.R.S. 36-209 A, 2.

The mission of the clinical members of the Hospital staff is to provide safe and effective psychiatric and medical care to those who suffer from serious psychiatric, neurological and medical illnesses. These illnesses hamper a patient's ability to provide self-care safely in the community because they are a danger to themselves or to others.

Civil adult and adolescent patients are involuntarily court ordered to the State Hospital if they have not responded well following 25 days in a community hospital setting.

Children, ages twelve to seventeen are referred from the community as well as Arizona Department of Juvenile Corrections. Forensic patients are court-ordered for pre- or post-trial treatment. Many are homeless, or cannot be treated in a specialized home setting with outpatient services. Many of our patients are the most dangerous (to themselves or others) in the community, with histories of self-mutilation, assault or arson. The Hospital treats people who suffer from complicated psychiatric, physical and social problems. Some have family members who are involved and invested in their treatment, while others have lost contact with family and friends.

Because of this mission, we strive for clinical excellence and humanitarian concern. The guidelines for our practice are to make careful and precise diagnostic formulations and to use best practices in our treatment approach to aid our patients in their recovery process.

STAFFING

Patient care on each treatment unit is delivered by an interdisciplinary team consisting of a psychiatrist MD/DO (team leader), medical provider, psychologist, clinical social worker, registered nurses, rehabilitation specialists, master's level therapists/counselors and mental health program specialists. Each discipline provides specialized, individual patient treatment based on national and state best practice standards.

Registered nurses (RNs) and mental health program specialists (MHPS), provide the day-to-day 24-hour care for patients. The number and skill mix of nursing staff assigned to the various units is based on the patient acuity as identified by the RN caring for the patients. These staffing needs based on patient acuity (level of presenting Nursing Care required) are completed prior to each of the three shifts in the 24 hour day.

The Adolescent Treatment Unit is staffed by Adolescent Treatment Specialists during the waking hours of the patients. These treatment specialists have additional training and education to provide direct active treatment to the adolescent patients.

Treatment plan coordinators work with the interdisciplinary treatment teams to develop patient treatment plans that are individualized with measurable treatment goals. They ensure that the treatment plans meet all quality and regulatory standards. The treatment plan coordinators/therapists also provide individual and group psychotherapy services.

ARIZONA STATE HOSPITAL CLINICAL SERVICES OVERVIEW

Interdisciplinary Clinical Team Approach

The interdisciplinary clinical team consists of a qualified (board certified or board eligible) psychiatrist, who is the team leader, a qualified (board certified or board eligible) family practice physician or certified physician assistant, a registered nurse, a social worker, rehabilitation professionals, a mental health therapist/treatment plan coordinator, and a other professionals as required. The interdisciplinary clinical team assesses and evaluates each patient upon admission to the Hospital, at periodic intervals, and at any time during the course of hospitalization, based upon the condition of the patient.

The interdisciplinary clinical team considers the patient's acuity level and the patient's legal status at the time of admission in determining the patient's least restrictive and most appropriate level of placement within the Hospital. The treatment team works together with the patient and patient representatives to develop the Master Individual Treatment and Discharge Plan (ITDP).

Clinical Therapy/Treatment Planning Services

The clinical therapy/treatment planning services program provides treatment planning services and active psychotherapy treatment to the hospital patients. The therapist / treatment plan coordinators ensure that the treatment plans developed by the interdisciplinary treatment teams meet all standards and specifically address the behaviors which admitted the patient to the most restrictive level of psychiatric care available in the state. Treatment plan coordinators provide support to the treatment teams. They serve as consultants to help the treatment team incorporate recovery goals into the treatment plans; track treatment plans reviews, and work to ensure that all standards and timelines are met. In addition, the therapist/treatment plan coordinators provide specialized treatment approaches specific to the individuals and direct individualized services to the patients referred. They provide a wide variety of individual and group therapies that can positively influence and maximize patient functioning.

Nursing Services

Nursing Services are provided for all patients at the Arizona State Hospital 24 hours a day. The Nursing staff has the most patient contact, both in frequency and duration. Each patient is assigned a "Primary RN" to ensure all their needs are identified, that these needs are communicated to the treatment team, and the patient's response to treatment is assessed and relayed to other members of the Nursing and interdisciplinary team.

The Nursing staff is involved in all types of structured and unstructured treatment activities. The management of the therapeutic treatment environment and the implementation of the individualized treatment plans is in large part a Nursing responsibility. The administration of medications along with the assessment of response to medication is a vital role of the Registered Nurses. Nursing programs and active treatment on the units are provided within the hospital's Recovery Model and include:

Basic Problem Solving	Socialization Skills	Medication Education
Symptom Management	Coping Mechanisms	Skill Development
Anger Management	Relapse Prevention	Healthy Lifestyles
Relaxation Strategies	Individual Counseling	Personal Hygiene
Disease Prevention	Addiction Education	

Inpatient Treatment and Discharge Plan (ITDP)

The inpatient treatment and discharge plan (ITDP) is an individualized plan of care that contains measurable long and short-term goals and specific interventions to assist patients towards discharge. The patient is an active participant in the development of her/his treatment plan, and works closely with staff at all stages of treatment plan development and monthly reviews. Patient involvement is crucial to success. The plan is developed using the initial assessments by the patient's clinical team, information from the patient about their wants and needs, the patient's family and/or guardian, and the community team representative. An ITDP meeting occurs when the treatment team and others involved in service provision to the patient meet to discuss, prepare and/or review a written plan outlining the patient's progress. The preliminary ITDP is initiated at the time of the patient's admission and completed within 24 hours of admission. The master ITDP is developed and completed within 10 days of admission.

The ITDP seeks to address the patient's biological, psychological, spiritual, cultural, linguistic and socio-economic needs. The patient's psychiatrist coordinates the patient's care and ensures there is a well-defined plan in place that may include these components:

- A full medical and psychiatric assessment of each new patient and at least annually re-written, with monthly clinical team reviews
- Medically necessary care for any medical condition, either acute or chronic
- Pharmacotherapy
- Psychotherapy (individual and group)
- Behavioral / cognitive therapy/Dialectical Behavior Therapy/trauma therapy including EMDR if appropriate
- Full range of psychiatric rehabilitative therapy
- Family education/therapy
- Recreational therapy
- Educational therapy (medication, coping skills, GED)
- Nutritional assessment

Recovery Model

The recovery model supports an environment of care that endorses, promotes and nurtures a person-centered approach, "a deeply personal, unique process of changing one's attitudes, values, feelings, goals, skills, and/or roles. It is a way of living a

satisfying, hopeful and contributing life even with limitations caused by illness” (Anthony, 1993). The recovery model supports and enriches rehabilitation and medical models of healing. A number of factors are common in the recovery paradigm. These include hope, medication, and other psychiatric treatments, choice, empowerment, support, education, self-help, spirituality, employment, and meaningful activities.

Recovery Model Services

Our mission is to change our focus as well as the nature of the services we provide to our patients. Arizona State Hospital has taken on the task of introducing this new culture for both our employees and patients. All services and treatment are patient and family-centered. We seek to offer our patients meaningful choices and treatment options. Secondly, recovery principles focus on the patient’s ability to be successful in coping with life’s challenges. Therefore, a goal is to change old thoughts and build resiliency as the consumer engages in the process of recovery.

When new employees are hired by the Hospital, they are oriented to the recovery model culture and mission during the first week on the job in new employee orientation. The Hospital CEO initiates this message with other key clinical staff highlighting how the principles are put into practice at Arizona State Hospital.

The following are essential components of the recovery model at Arizona State Hospital:

Clinical Care: to provide evidenced-based psychiatric treatments which promote and enhance the recovery process;

Family Support: to work with family as defined by each patient, to enhance recovery;

Peer Support and Relationships: to grow with those around and who care and understand;

Work and Meaningful Activities: to provide both economic and self-esteem benefits;

Power and Control: to employ personal decision making to enhance recovery;

Destigmatization: to decrease the negative stereotypes associated with mental illness;

Community Involvement: to enhance social integration and affiliation;

Access to Resources: to increase the ability to use products and services to promote recovery;

Education: to use formal education to promote growth and change;

Dialectical Behavior Therapy (DBT)

The DBT Program at Arizona State Hospital creates a context of validating rather than blaming the patient; Within that context it works to block or extinguish maladaptive behaviors, teach more acceptable behaviors to patients, as well as making the new behaviors so reinforcing that patients continue the new ones and stop the maladaptive ones (adapted from a quote by Marsha Linehan, PhD, originator of DBT).

Arizona State Hospital’s dialectical behavior therapy programs are operated on units that treat individuals diagnosed with thought, mood, and personality disorders in both

civil and forensic units. Detailed statistics are kept to measure program effectiveness. Training on DBT is provided to Hospital staff on a bi-monthly basis. .

The overall targets of our DBT program follow Charles Swensen's, the psychiatrist who developed the inpatient DBT program protocol, suggestions for inpatient targets. The targets for inpatient DBT use the acronym, "CAMP":

- Re-establish behavioral **C**ontrol
- **A**nalyze and address the variables prompting dangerous behaviors and continued hospitalization
- **M**aster skills needed to reduce and manage stress
- **P**lan for post-discharge situation with optimum stability

The Hospital's DBT team provides training, coordination, and consultation on this approach to additional providers around the state. To date, approximately fifty state Regional Behavioral Health Authority's (RBHA) employees have attended the 15-hour DBT overview training. Additionally, the Hospital's DBT program manager chairs the DBT Task Force, a semi-annual teleconference to discuss and coordinate services statewide.

Social Services Program

Social workers provide individualized treatment to patients in many ways. They utilize both individual sessions and groups. Weekly, during 30-minute individual sessions, social workers address specific issues that resulted in the patient's admission and/or issues that are preventing the patient's progression towards discharge. Monthly, they coordinate a staffing for each patient, and invite community members and family members to participate. During these staffings, each patient has an opportunity to discuss their treatment with the entire interdisciplinary team as well as with their outpatient case managers. In addition, they provide a variety of groups that are tailored to the individual patient's needs and goals.

Social workers are also an important point of contact. Specifically, they serve as the primary contact for questions or concerns the Regional Behavioral Health Authority (RBHA) or family may have about the patient's treatment/progress/status. They provide education for the patient and their family members/significant others. For instance, each patient's specific and unique discharge needs are assessed and education is provided re: community resources with the goal of ensuring a successful re-integration. Through ongoing contact with community providers, they cultivate collaborative relationships with the goal of ensuring that continuity of care is provided upon discharge.

Once a patient's discharge date is set, the social worker initiates the process for a discharge preparation review. During this review, the treatment team meets with the patient and reviews the psychiatric, medical, nursing, social work and rehab sections of the discharge data sheet.

Project Tobacco-Free

Recent national medical studies have shown that the people receiving our services die on average of 25 years before the general population. The largest contributing factor that leads to this untimely death is associated with smoking cigarettes. Silently and insidiously tobacco sales and tobacco smoking became an accepted way of life in our public mental health treatment facilities like Arizona State Hospital.

Tobacco kills our patients. And, it kills those with mental illness disproportionately and earlier, as the leading contributor of disease.

A preponderance of evidence has clearly established the deleterious health effects of tobacco smoking and second hand or environmental tobacco smoke. Science as well as experiences in mental health facilities have also shown that tobacco smoking leads to negative outcomes for mental health treatment, the treatment milieu, overall wellness and, ultimately recovery.

We have seen great shifts in our community culture away from tobacco use. It is no longer legal to smoke in restaurants, bars, airports, airplanes, buses, etc. There is much more emphasis on wellness – being physically active, eating healthier diets, etc. It is believed that our patients deserve the same culture shift in our hospital.

With that being said, the staff at Arizona State Hospital are committed to supporting health, wellness and recovery. As a healthcare agency, we must act on what we know. Therefore, Arizona State Hospital has taken an assertive stand to end the use of tobacco during FY2008. During this fiscal year, there were many therapeutic activities around assisting patients and staff quit tobacco use. Many staff were trained in specialized techniques to assist people in tobacco cessation. The year was filled with education, support, nicotine replacement therapy and celebrations for success – for both employees and patients.

We were ultimately successful in making our Hospital completely tobacco free on July 1, 2008.

PATIENTS SERVED AT THE ARIZONA STATE HOSPITAL

Three Population-Based Programs (Patients are housed separately in accordance with legal, treatment and security issues):

CIVIL ADULT REHABILITATION PROGRAM (141 BEDS) consists of eight treatment units specializing in providing services to adults who are civilly committed as a danger to self, danger to others, gravely disabled and/or persistently and acutely disabled, who have completed a mandatory 25 days of treatment in a community inpatient setting prior to admission.

FORENSIC ADULT PROGRAM (180 BEDS TOTAL): Court-ordered commitments through a criminal process for either:

PRE-TRIAL RESTORATION TO COMPETENCE PROGRAM (“RTC; 47 BEDS”) consists of three treatment units providing pre-trial evaluation, treatment and restoration to competency to stand trial.

POST-TRIAL FORENSIC PROGRAM consists of two treatment units for those adjudicated as **GUILTY EXCEPT INSANE** (“GEI; 102 BEDS”) who are serving determinate sentences under the jurisdiction of the Psychiatric Security Review Board (PSRB), or for those adjudicated prior to 1994 as **NOT GUILTY BY REASON OF INSANITY** (“NGRI; 24 BEDS”).

COMMUNITY REINTEGRATION PROGRAM (BEDS utilized by GEI or NGRI patients, see above) consists of one treatment unit for forensic patients with an approved Conditional Release Plan approved by the PSRB for transiting into the community and for those working toward application for Conditional Release.

ADOLESCENT TREATMENT PROGRAM: Consists of a 16-bed treatment facility which serves as the admission, assessment and treatment program for male and female juveniles, up to and including age 17, who are committed through civil or criminal (forensic) processes.

MEDICAL BED: 1 Medical Bed utilized for infection control purposes.

Census Management

A.R.S. 36-209 (3) (4)

Admission and Discharge Census data for treatment programs

Census management is a daily challenge for the Hospital. Exceeding our licensed capacity by even just one patient on one unit for one day endangers federal Medicare reimbursement status, Joint Commission accreditation, and compliance with licensure regulations.

Pursuant to Laws 2002, Chapter 161, Senate Bill 1149, on or before August 1 of each year, the Deputy Director and the Hospital collects census data by population to establish the maximum funded capacity and a percentage allocation formula for forensic and civil bed capacity (Arizona Revised Statutes §§13-3994, 13-4512, 36-202.01 and 36-503.03).

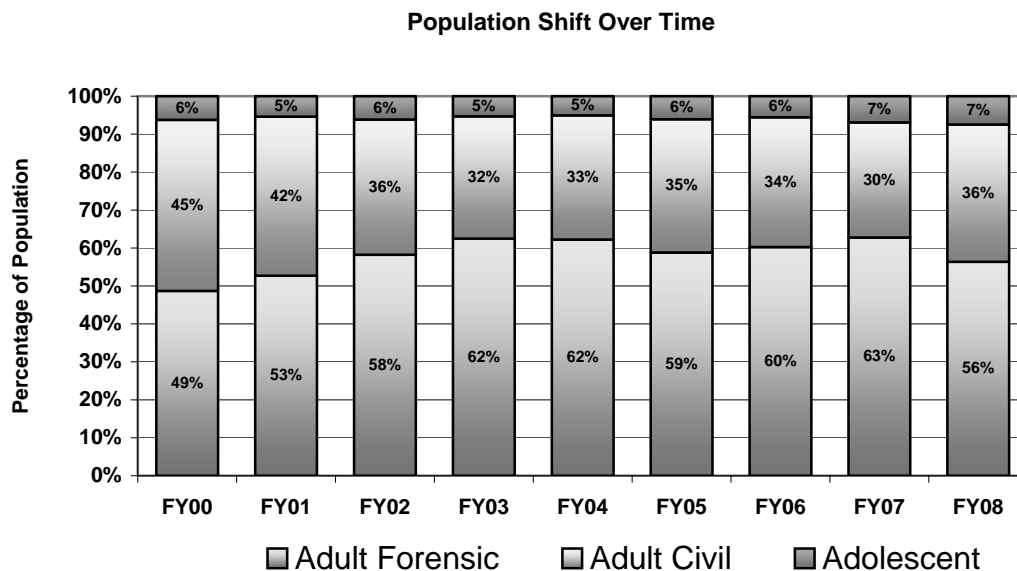
The Deputy Director notifies the Governor, the President of the Senate, the Speaker of the House of Representatives and the Chairmen of the County Board of Supervisors throughout the state of the funded capacity and allocation formula for the current fiscal year. For FY 2007, the funded capacity and allocation of the Hospital's beds was as follows:

Forensic Adult (53% of beds):	180	Beds
• Restoration to Competency	47	Beds
• Guilty Except Insane – 75 day evaluation	7	Beds
• Guilty Except Insane	102	Beds
• Not Guilty By Reason of Insanity	24	Beds
Civil Adult (42% of beds):	141	Beds
Adolescent (Civil & Forensic; 5% of beds):	16	Beds
Medical Bed (reserved for infection control):	1	Bed
TOTAL BEDS FY 2007	338	Beds

Population Shift

Since FY 2000, the Hospital has experienced an overall population shift and now serves more forensic than civil patients:

EXHIBIT #1



End of Month Census

The Hospital began FY 2008 with a patient census of 277 and ended the fiscal year on June 30th with a census of 251, a decrease of 26 patients or 9.4%. During the year, 191 patients were admitted and 210 patients were discharged. The average daily census for the fiscal year was 263 patients. These patients accounted for a total of 95,821 patient days*, a decrease of 514 days over the previous fiscal year. The patient end of month census from July 2005 through June 2008 is depicted in Exhibits #2 (A) and #2 (B) below.

*Patient days: includes patients assigned to a unit, i.e. occupying a bed on that unit, even if he or she is on pass.

EXHIBIT # 2 (A)

End of Month Census, FY 2006 through FY 2008

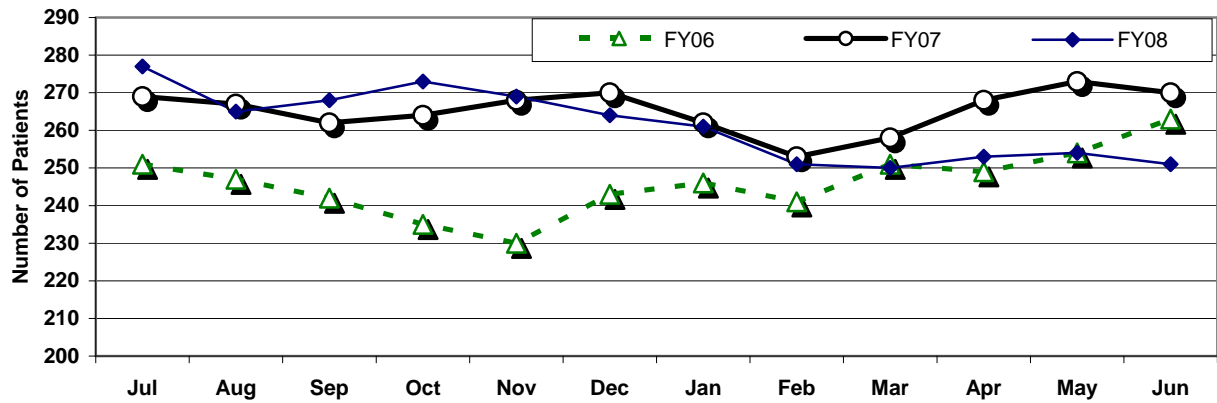


EXHIBIT # 2 (B)

FY 2008 End of Month Census by Legal Status and Legal Type

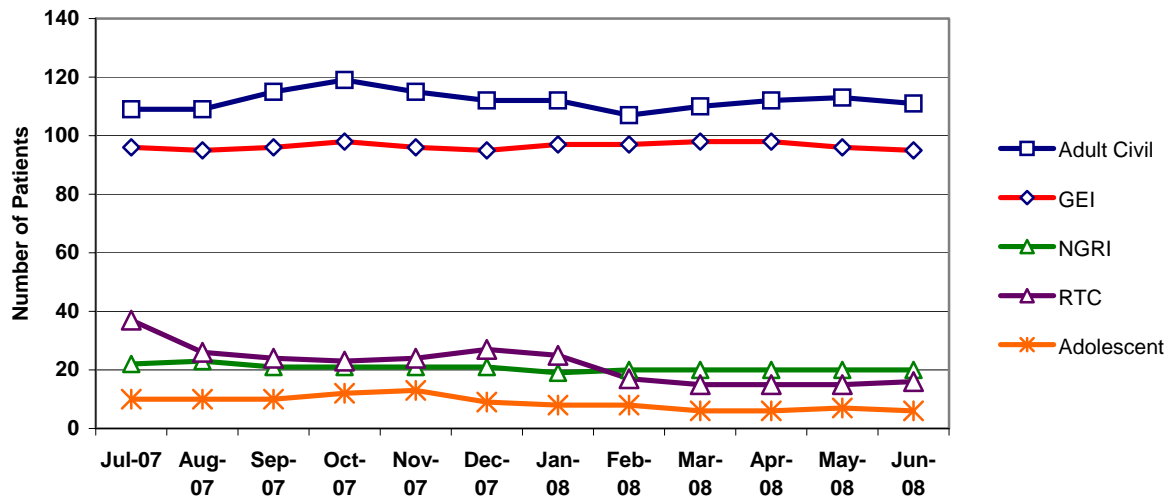
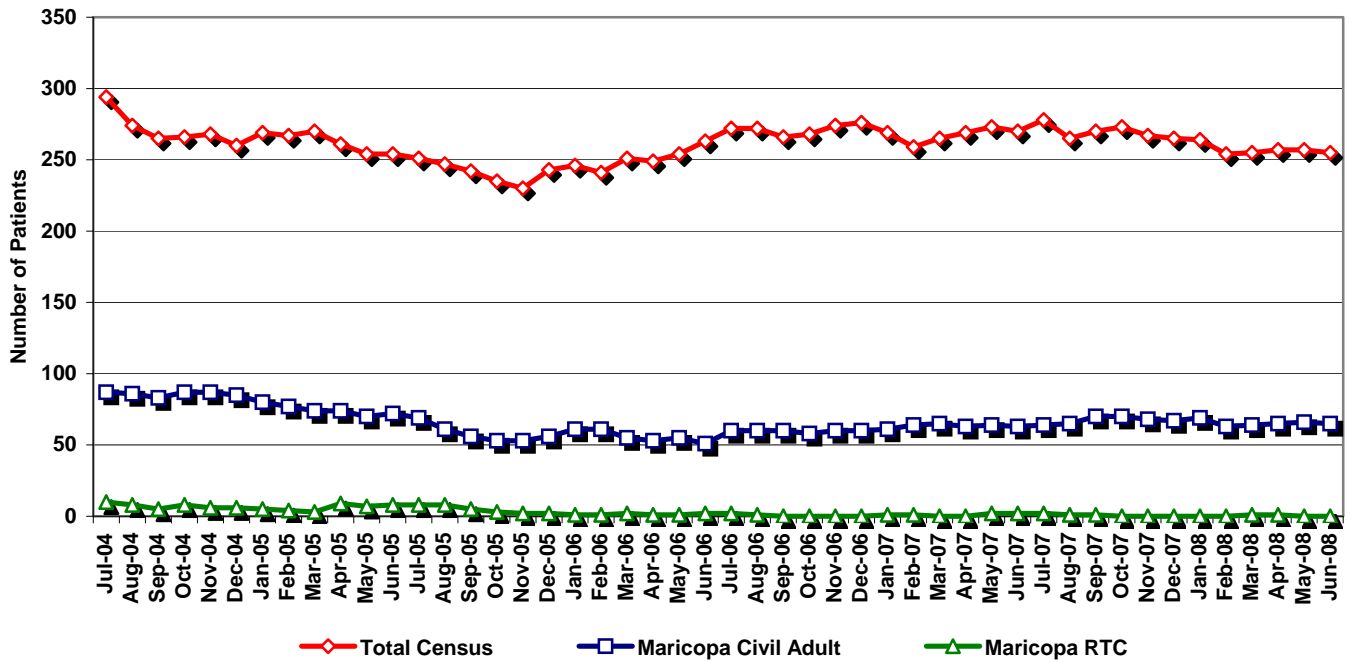


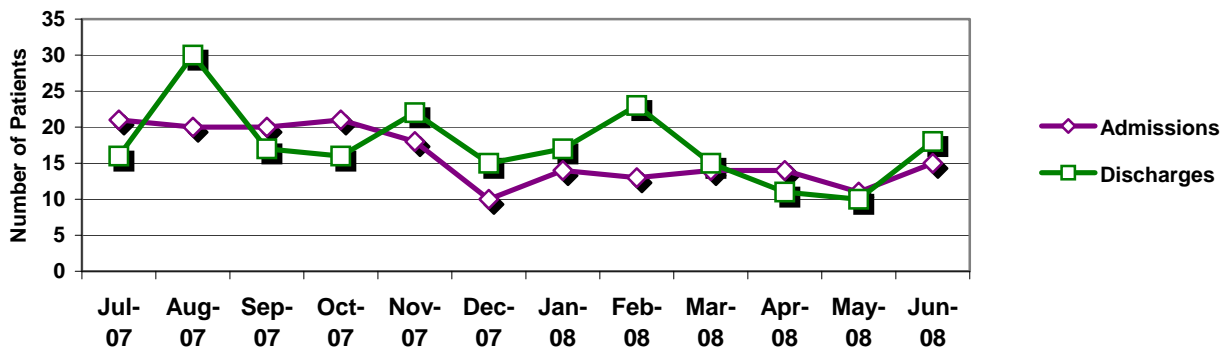
EXHIBIT #2 (C):



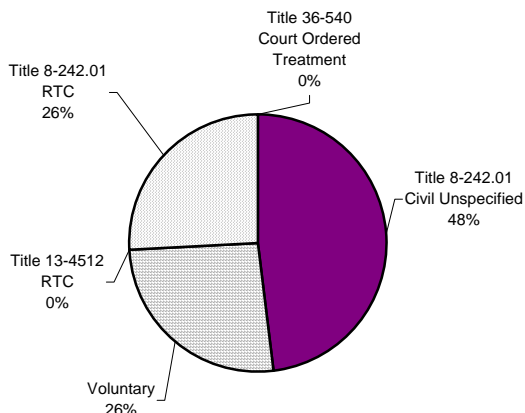
ADMISSIONS AND DISCHARGES

EXHIBIT #3:

FY08 Monthly Admissions and Discharges



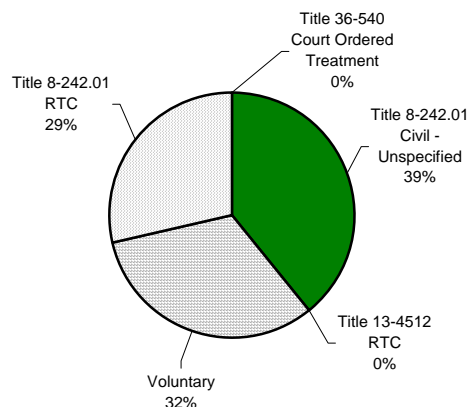
Adolescent Admissions



Admission Legal Status

Title 13-4512 RTC	0
Title 36-540 Court Ordered Treatment	0
Title 8-242.01 Civil - Unspecified	13
Title 8-242.01 RTC	7
Voluntary	7
Total	27

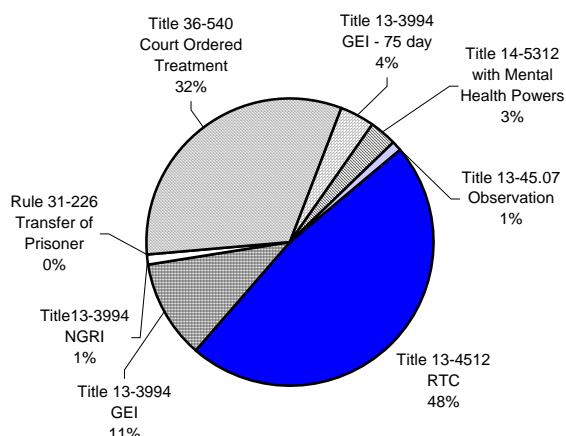
Adolescent Discharges



Discharge Legal Status

Title 13-4512 RTC	0
Title 36-540 Court Ordered Treatment	0
Title 8-242.01 Civil - Unspecified	11
Title 8-242.01 RTC	8
Voluntary	9
Total	28

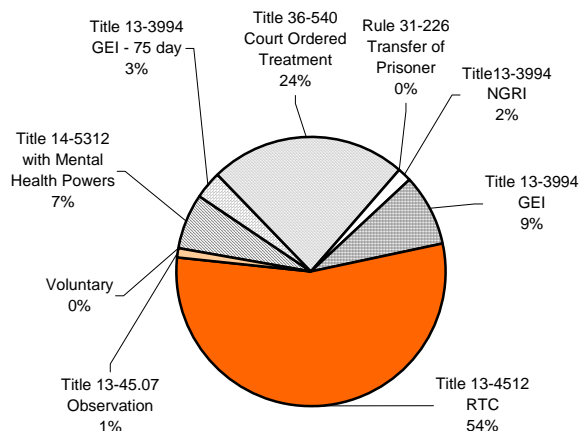
Adult Admissions



Admission Legal Status

Rule 31-226 Transfer of Prisoner	0
Title 13-3994 GEI	18
Title 13-3994 GEI - 75 day	6
Title 13-45.07 Observation	2
Title 13-4512 RTC	78
Title 13-994 NGRI	2
Title 14-5312 with Mental Health Powers	5
Title 36-540 Court Ordered Treatment	53
Voluntary	0
Total	164

Adult Discharges



Discharge Legal Status

Rule 31-226 Transfer of Prisoner	0
Title 13-3994 GEI	16
Title 13-3994 GEI - 75 day	6
Title 13-45.07 Observation	2
Title 13-4512 RTC	100
Title 13-994 NGRI	3
Title 14-5312 with Mental Health Powers	12
Title 36-540 Court Ordered Treatment	43
Voluntary	0
Total	182

SUMMARY OF ADMISSIONS AND DISCHARGES FY 2008

	Total Admissions	Total Discharges
Adolescents:		
Forensic	7	8
Civil	20	20
Subtotal	27	28
Adult:		
Forensic	106	127
Civil	58	55
Subtotal	164	182
Total for FY 2008	191	210

Admission Statistics

The Hospital admitted 191 patients this fiscal year. Individuals admitted to the Hospital for the first time accounted for 124 or 65% of all admissions during FY 2008.

Admissions by diagnostic grouping indicated that patients diagnosed with schizophrenic disorders accounted for 46% of all admissions during FY 2008, which is a 7% decrease from the previous fiscal year. During FY 2008, patients diagnosed with polysubstance abuse (8%), psychotic disorders (20%), affective disorders (15%), personality disorders (1%), and cognitive disorders (2%) comprise the major diagnostic groupings for patient admissions to the Hospital. The remaining 8% of the admission diagnosis was deferred. Of the 191 patients admitted this fiscal year, 98 (51%) were determined to be Seriously Mentally Ill (SMI). This is a 25% decrease over the previous fiscal year.

Admission Averages

The average monthly admission rate for FY 2008 was 16 patients, ranging from a low of 10 admissions in December 2007 to a high of 21 admissions in July 2007 and October 2007. This was a 36% decrease from the FY 2007 average monthly admission rate of 25 patients.

Admission by County

Pima County had the highest number of admissions during FY 2008 with 49 patients or 26% of all statewide admissions. This was a decrease of 61% from last fiscal year's 127 Pima County admissions. Maricopa County accounted for 22% of the admissions in FY 2008, a decrease of 1% from the previous year's total of 68 admissions. The remaining thirteen counties accounted for 74 or 39% of the state admissions during the period July 2007 to June 2008.

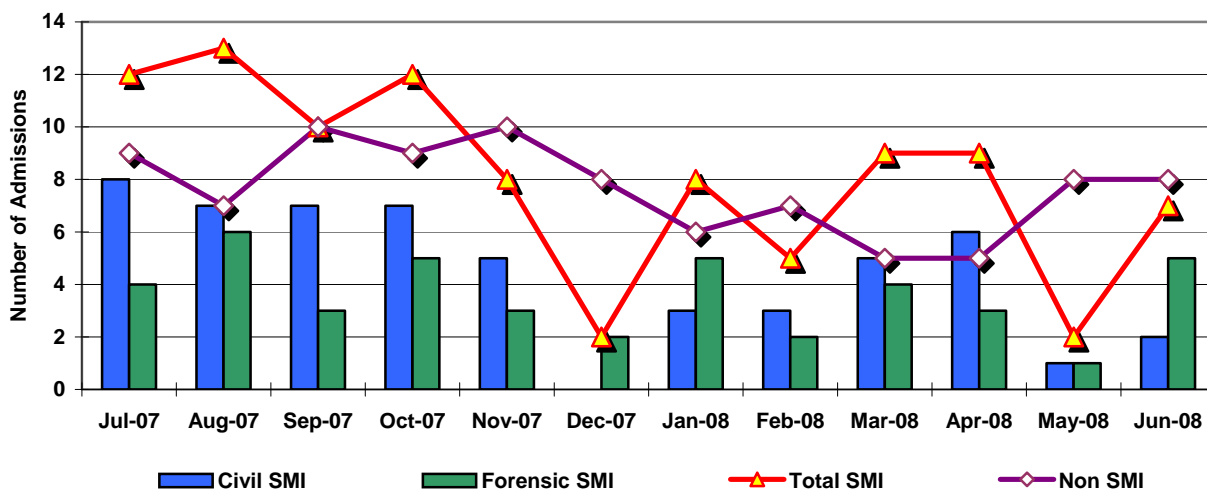
EXHIBIT #5

Admissions by County FY 2008

County of Admission	Total	Percentage
Pima	49	25.7%
Maricopa	42	22.0%
Pinal	16	8.4%
Yavapai	15	7.9%
Coconino	15	7.9%
No Entry	12	6.3%
Cochise	10	5.2%
Navajo	7	3.7%
Yuma	6	3.1%
Mohave	5	2.6%
Gila	4	2.1%
Graham	4	2.1%
La Paz	4	2.1%
Santa Cruz	2	1.0%
Apache	1	0.5%
Greenlee	0	0%
Total Admissions FY 2008	191	100.0%

EXHIBIT #6

FY08 SMI and Non-SMI Admissions



Discharge Statistics

The Hospital discharged 210 patients during this fiscal year. The average monthly discharge rate for FY 2008 was 17.5 patients, ranging from a low of 10 discharges in May 2008 to a high of 30 discharges in August 2007 (Exhibit #3). This was a 27%

decrease from the FY 2007 average monthly discharge rate of 23.9 patients. Of the 210 patients discharged this fiscal year, 100 (48%) were Seriously Mentally Ill. This is a 19% decrease from the previous fiscal year.

The number of non-forensic patients discharged during FY 2008 with a length of stay less than 365 days was 47 or 22%, which is 27% lower than last fiscal year. This data continues to support the premise that the Hospital, the ADHS/Division of Behavioral Health Services and the Regional Behavioral Health Authorities are committed to the concept that non-forensic patients are to be admitted to the Hospital for intensive treatments and shorter durations rather than for extended hospitalization periods.

During FY 2008, 17 patients were discharged with a length of stay of greater than 3 years including 4 patients hospitalized for over 7 years, and 2 patients hospitalized for over 12 years. These patients require extensive treatment and discharge planning coordination between the Hospital and the community providers, who will provide follow-up services.

Adult Discharges

Of the 210 patients discharged during this fiscal year, 182 or 87% were adults. Overall, the average length of stay for this age group was 371.8 days. During FY 2008, 55 civil patients had an average length of stay of 712.4 days: 43 patients were discharged from the Title 36 Court Ordered Treatment program with an average length of stay of 628.3 days; 12 patients under Title 14 with Mental Health Powers were discharged in an average of 1014.3 days; and 9 Voluntary patients were discharged in an average of 162.7 days.

During the same time period, 125 forensic patients were discharged with an average length of stay of 221.9 days: 100 patients were discharged from the Title 13 Restoration to Competency program with an average length of stay of 90.7 days; 16 Title 13 Guilty Except Insane patients were discharged in an average of 931.5 days; 6 Title 13 Guilty Except Insane – 75 Day patients were discharged in an average of 74.7 days; and 3 patients were discharged from the Title 13 Not Responsible for Criminal Conduct by Reason of Insanity treatment in an average of 1072.3 days.

Adolescent Discharges

Of the 210 patients discharged during FY 2008, 28 or 13% were adolescents. Overall, the average length of stay for this age group was 101.1 days. The 20 non-forensic patients stayed an average of 118.3 days during FY 2008: 11 patients were discharged from Title 8 Juvenile Commitment after an average of 82 days; and 9 Voluntary patients were discharged in an average of 162.7 days. The 8 Title 8 Juvenile Restoration to Competency patients— were discharged this fiscal year with an average length of stay of 58.1 days.

EXHIBIT #7

FY08 SMI and Non-SMI Discharges

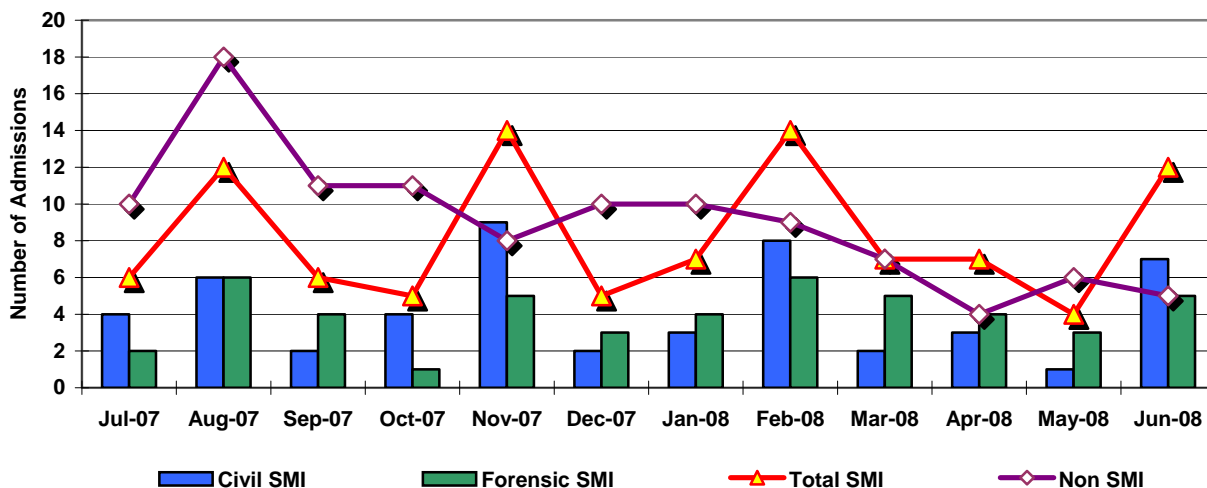


EXHIBIT #8

Patients were discharged to the community to the following placements:

Patients Discharged during FY 2008

Living Arrangements after Discharge	Adult	Adolescent	Total	Overall %
CORRECTIONAL FACILITY	104	13	117	55.7%
GROUP HOME	25	7	32	15.2%
UNKNOWN	25	0	25	11.9%
FAMILY	6	2	8	3.8%
INDEPENDENT LIVING	4	3	7	3.3%
PSYCH HEALTH FACILITY	5	0	5	2.4%
OTHER	5	0	5	2.4%
NURSING HOME	3	0	3	1.4%
RES. SAP/SMI-DUAL DIAGNOSIS	3	0	3	1.4%
RTC 24 HOUR NOT PHF	2	1	3	1.4%
FOSTER HOME	0	2	2	0.9%
HOMELESS	1	0	1	0.5%
SPONSORED BASED HOUSING	1	0	1	0.5%
PSYCH HSP/WARD	0	0	0	0.0%
RTC SEMI-SUPV. NOT PHF	0	0	0	0.0%
NON PSYCH HOSP/WARD	0	0	0	0.0%
LICENSED SUPERVISORY CARE	0	0	0	0.0%
NONE	0	0	0	0.0%
Total	182	28	210	100.0%

Discharge by County

Pima County had the highest number of discharges during FY 2008 with 63 patients or 30% of all statewide discharges. This was a decrease of 47% from last fiscal year's 119 Pima County discharges. Maricopa County accounted for 48 or 23% of the FY 2008 discharges, a decrease of 24% from the previous year's total of 63 discharges. The remaining thirteen counties accounted for 99 or 47% of the state discharges during the period July 2007 to June 2008.

EXHIBIT #9**Discharges by County FY 2008**

County	Total	Percentage
PIMA	63	30.0%
MARICOPA	48	22.9%
YAVAPAI	17	8.1%
PINAL	15	7.1%
COCONINO	13	6.2%
COCHISE	9	4.3%
MOHAVE	9	4.3%
GILA	9	4.3%
YUMA	6	2.9%
NO ENTRY	6	2.9%
NAVAJO	5	2.4%
LA PAZ	5	2.4%
GRAHAM	5	2.4%
SANTA CRUZ	3	1.4%
APACHE	0	0.0%
GREENLEE	0	0.0%
Total Discharges FY 2008	210	100.0%

EXHIBIT #10

Discharge Length of Stay FY 2008

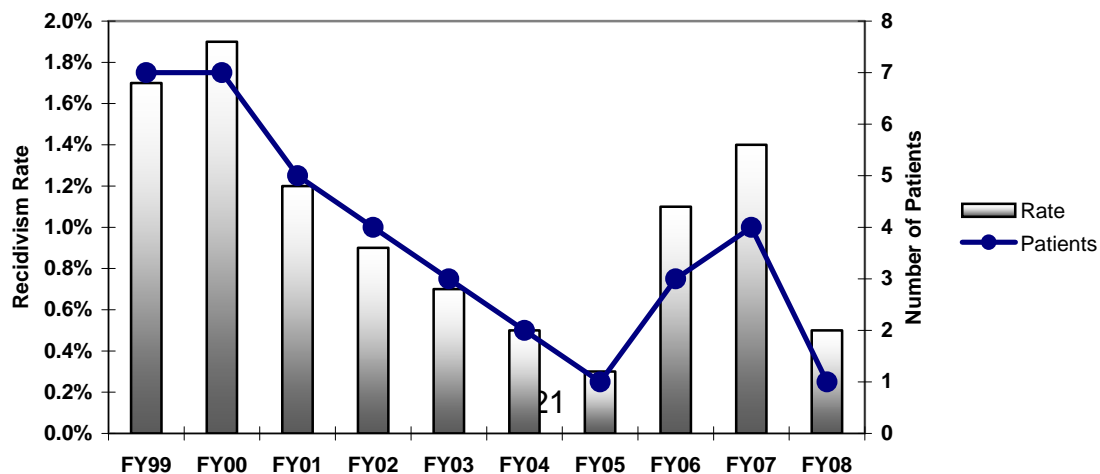
Length of Stay	Civil		Forensic		Total	
	Patients	%	Patients	%	Patients	%
0-6 Months	31	14.8%	112	53.3%	143	68.1%
6 Months – 1 Year	17	8.1%	9	4.3%	26	12.4%
1-2 Years	14	6.7%	4	1.9%	18	8.6%
2-3 Years	3	1.4%	3	1.4%	6	2.9%
3-5 Years	6	2.9%	3	1.4%	9	4.3%
5-7 Years	2	1.1%	2	1.1%	4	1.9%
7-10 Years	1	0.5%	1	0.5%	2	1.1%
10-15 Years	2	1.1%	0	0%	2	1.1%
15-20 Years	0	0%	0	0%	0	0%
20+ Years	0	0%	0	0%	0	0%
Total	76	36.2%	134	63.8%	210	100.0%

Recidivism

Recidivism is defined as the readmission of a patient within 30 days from their previous discharge date. The FY 2008 overall recidivism rate was 0.5% (n=1) of the 210 discharges for the year. Recidivism rates for prior fiscal years vary from a low of 0.3% in FY 2006 to a high of 1.9% in FY 2000. In total, there were 15 readmissions during FY 2008 with a median community stay of 125 days before the subsequent readmission to the Hospital.

EXHIBIT #11

Recidivism Rates FY 1999 through FY 2008



**ARIZONA STATE HOSPITAL
EMPLOYMENT AND PERSONNEL
EMPLOYMENT STATISTICS
7-1-07 thru 6-30-08**

**Current Number Employed
A.R.S. 36-209 (5)**

The Hospital is authorized 726.8 full time equivalent (FTE) positions. There is a continuous review of these positions to ensure that direct care is maximized, while having the administrative and managerial staff in place to ensure efficient operations. The continuous review involves job description creation, modification, and abolishment.

The following table summarizes the major categories of positions filled at fiscal year end and the number terminating and retiring during the fiscal year:

Classification	Number Filled	Number Terminated
Psychiatrist	11	2
Psychologist	5	0
Social Worker	14	4
Health Planning Consultants (Treatment Plan Coordinators)	7	2
Licensed Practical Nurse	14	3
Psychiatric Nurse II	78	25
Psychiatric Nurse Shift Supervisor	29	6
Psychiatric Nurse Unit Manager and Psychiatric Nurse Coordinator	13	0
Mental Health Program Specialists	191	46
Recreation Therapists	22	6
Occupational Therapists	4	0
Therapy Technicians	8	1
Security Officers	91	26
Managerial Staff	48	8
Adolescent Treatment Specialists	14	7
Administrative Support	79	21
Total	628	157

Turnover

Hospitals have a difficult time retaining staff, particularly those with critical and needed skills. The State Hospital is no exception, particularly with critical shortages in certain job classes like registered nurses. Additional circumstances at the State Hospital which create retention difficulties are within the nature of our patient population. Our patients tend to be very psychiatrically ill with behaviors that create management challenges for staff. These behaviors sometimes include threats of harm and occasionally aggressive assaults on staff. This last fiscal year, we experienced a 4.6% increase in the number of staff who terminated employment.

At the end of February 2008, a statewide hiring freeze was implemented to assist in the state's fiscal year deficit. Only positions critical to the Health and Public Safety or that are Revenue Generating were allowed to be filled. Patient care has not suffered in any manner at the State Hospital, as we have been allowed to continue filling our nursing, Psychiatric/Psychological and Security positions. However, administrative and other non-patient care related positions have gone unfilled when vacated. Effected departments have reorganized and found creative solutions to all challenges. In our efforts to recruit crucial personnel to fill these very important positions, the hospital continues to take these steps:

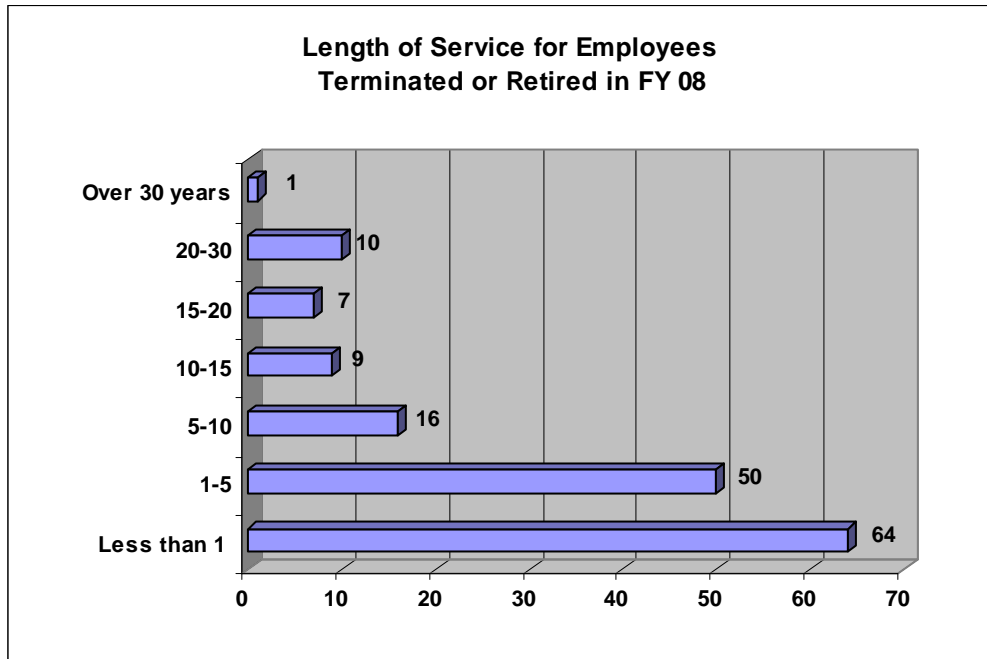
- Offer a referral bonus, which provides a department employee \$300 for assistance in recruitment of the RN. Certain exclusions are in place to avoid abuse.
- Hospital recruiters are still utilizing expanded tools to advertise, such as the state's azstatejobs.gov web site and job fairs; internet based sites specific to the recruited occupations and accompanying trade publications, and industry management association web sites. This includes involving key management personnel in creating new ideas and techniques in our recruiting processes and methods.
- An alternate pay tier plan for nursing was implemented in June 2007 to include a stipend into their base pay, with the hope to continue recruitment and retention successes.

Direct care RNs are a vital position for the Hospital. There are continuous efforts to recruit and retain them. The following table reflects the vacancy percentages of psychiatric nurses and psychiatric nurse shift supervisors.

FY 2004 Actual	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Actual	FY 2009 Estimate
31%	30%	31%	8%	6.8%	8%

**: With the special appropriation and recruitment bonuses, the RN vacancy decreased to 8% in the first quarter of FY 2008 and should continue at this rate.*

There are many reasons why employees leave the Hospital and many are understandable such as promotional opportunities and retirement. The chart below illustrates terminations and retirements based upon length of service.



ARIZONA STATE HOSPITAL - CONDITION OF EXISTING BUILDINGS AND EQUIPMENT

A.R.S. 26-209 (6)

The new **Civil Hospital** was opened in January 2003 and represents 26% of the Arizona State Hospital campus. The remaining buildings represent 74% of the campus. This condition report can be divided into two categories: needs maintenance and major repair (48%) or needs renovation (26%).

The new **Civil Hospital** buildings are beginning to show indications of construction settlement with cracks in the floor, walls and roofs caused by the floating concrete slabs and foundation settlement. This requires a great amount of time and considerable maintenance budget to repair. While conducting scheduled facilities inspections, water leaks from the showers were identified. Further investigation indicated that plastic pans under the floor tile were missing. McCarthy (General Contractor) with the assistance of ADOA repaired the showers throughout the civil hospital under warranty at no direct expense to the Hospital. Additionally, the building movement created roof cracks at the plastic membrane resulting in roof leaks every time it rains damaging the walls, ceiling tiles, and at times, furniture and equipment. A new roof was installed last year by the contractor under the 10 year warranty.

The **Old Forensic** portion of the hospital was built in the 1950's. It was designed to care for a geriatric mental population. Over the years some of the wings have been partially renovated into a medium security forensic unit to treat Restoration to Competence (RTC) patients, Guilty Except Insane (GEI) patients, and the Not Guilty by Reason of Insanity (NGRI) patients. The buildings are deteriorating rapidly due to their age and the types of materials used in the 50's for construction. The majority of the galvanized water piping is corroded and leaks throughout the buildings. In addition, the roof leaks whenever a rainstorm occurs, the walls are cracking, the electrical systems are aged and the air conditioning system is obsolete making it impossible to find replacement parts.

The construction of a **New Forensic Hospital** has been approved and funds have been allocated. ADOA and the hospital administration have met with the design engineering firm Carter Burgess on the construction. Current estimates on the bed capacity are for an 80. Construction of Safety and Security element for forensic patients and staff will be the main thrust of the project. The Contractor at Large, Gilbane Construction, agrees that they can build such a facility within the construction funds that were allocated. The site plan delivery by the architect and construction should start in July 2009 with full completion by 30 January, 2011.

The Hospital received \$3.1 million in 2004 for capital improvement projects. This will extend the life expectancy of some of the buildings and has helped with the overall campus energy consumption. Although these improvements have a positive effect on individual buildings, the deteriorated condition of the other buildings is endangering patients and personnel. Some examples of urgent buildings issues are as follows:

A temporary **Modular Building** which housed the psychology personnel sank into the ground and was on the verge of collapsing. An emergency evacuation of the staff was necessary to avoid a dangerous situation. The personnel were moved into old forensic unit room until a building could be renovated to make a permanent work space. After careful consideration and analysis of all available space the **Old Commissary** (future PSRB-Psychology building for the new forensic hospital) was the only structure that required the least amount of work to bring it up to occupancy standards and give a safe work environment to the staff. The old commissary reconstruction to replace offices for the personnel who were displaced due to the sinking of the modular structure was detained do to financial constraints; a new air handler was installed, the interior is abated and the restrooms are finished. To complete this project, all the interior needs to be finished, however the hospital has lacked capital funds to complete this project.

The Van Buren entrance **Guard Shack** was in disrepair. The building was replaced with a new secure modular building. Features of this new building are a bullet proof widow at the south side, a new electrical system, a new data communication system, replacement of the remote controls, new floor, vehicle access electronic control gate and thermal insulation.

The lower level of **Granada** building is practically obsolete because of the deteriorated condition of the building and the lack of compliance with state and federal codes.

The **General Services** building needs additional renovations to be in compliance with ADA federal regulations. Also, repairs to the interior, hallways, restrooms, doors, ramps, and door handles are needed.

The **Paint Garage Shop** is in need of attention. The wood structure needs to be fire proofed, the restrooms must comply with the ADA federal regulations, ventilation and air conditioning needs to be added, fire sprinkler coverage is necessary and a new sand and oil trap is required.

The **Engineering – Housekeeping** building needs a new roof, ADA compliant restrooms, a fire sprinkler, new fire alarms, and a new electrical system.

The **Laundry** building is no longer utilized as a laundry but it is used as a warehouse for hospital materials and housing some program materials. The building needs a new roof, ACM abatement, piping, electrical, lighting and air conditioning.

The **Warehouse** is in need of renovation to comply with the ADA federal regulations. In addition the warehouse needs emergency lighting, loading dock repairs, roof eaves, new evaporative coolers, and smoke detectors.

The **Old Main Administration Building** is an abandoned building with historical value, however, it is a potential for problems. The floors are unstable and ready to collapse. The foundation and walls need seismic reinforcement/bracing. In addition, the entire interior needs to be renovated to meet current regulations and ADA requirements.

In the **Dietary Building**, repairs included the following: Last year repair to the collapsed sewer lines, repair lift station and upgrade the seismic system was under taken. This year the dietary drain lines located in the crawl space underneath the facility were upgraded with the assistance of ADOA from PVC to cast iron, extending the sanitary capabilities of the facility.

The **Chapel of All Faiths** was built in 1963 and is in fairly good condition. The outside of the Chapel was recently patched, repaired and painted to prevent further deterioration of the stucco walls. The air conditioning units for the main assembly area and the Chaplin's office were replaced. The interior is currently being updated with new carpeting, paint and window coverings. The only deficiency is a large break in the concrete due to floor settlement on the main chapel floor. This deficiency within time will create a tripping hazard requiring a new floor or substantial repair.

Other Campus Deficiencies

The entire Hospital is in need of an updated **lock-key security system** with good key control. The existing key system has been in place for decades and it is easy for an unauthorized person to open a lock when they have access to the right keys. As a specialty psychiatric hospital we are vulnerable to unauthorized entry by unwanted guests and/or unauthorized exit by patients.

The **Fire Alarm system** is old and needs to be replaced in order to provide reliable, safe and adequate fire protection to the hospital patients and staff. The fire system was relocated to the forensic security control to obtain 24/7 fire.

The **CTV video surveillance** cameras are not compatible. Over the years, three different proprietary systems have been installed. This reduces the capabilities of a campus-wide surveillance system with an open architecture.

The Hospital's **cooling and heating** 4-pipe system is in need of additional upgrades. The capital construction money aided the hospital in replacing the steam boilers at the power plant but other equipment such as the condensate return holding tank and the hot water supply tank needs replacement. The heat and plate exchanger needs to be upgraded to utilize the cooling towers to full capacity. The existing unit is large enough to serve the entire current campus as it was redesigned to service the forensic and civil campus. The unit may need to be upgraded again when the new forensic hospital is built. If the current forensic hospital continues to be in operations once the new one is built, the unit may not be large enough to meet the needs of the entire campus.

Some of the campus time clocks are based on **atomic time clocks** that need to be synchronized from a single source. A campus wide time control system is needed to be integrated with a campus wide broadcast system. Most of the campus speakers are humming, noisy, and broken.

The hospital's **public address system** was very old and in need of replacement. It was recently upgraded and expanded to reach each building on the civil hospital, Forensic hospital, and the administrative areas. The system is now reliable, connected to and activated through the hospital telephone system network.

Hospital Technology Services

Several Technology improvements have been made at the Arizona State Hospital over the past year. These improvements provide needed support systems that contribute to the continued ability of our staff to provide outstanding patient care.

Hardware

The hospital was connected to the state Wide Area Network via a T1 telephone line. This allowed data transmission up to 1.5 megabytes. This connection was replaced with a Qwest Metropolitan over Ethernet connection that allows data transmission up to 40 megabytes. This has greatly increased the speed of computer response time.

Software

New hospital applications have been installed and existing systems have been updated. New systems include:

- **Physicians Order Entry system was configured and installed:**
 - Conducted successful pilot to test the Physician's Order Entry Process
 - Provided training to Medical and Nursing staff
- **Infotronics Time and attendance software installed:**
 - Installed hand scanners to enforce attendance policy through biometric identification
 - Provided training to hospital staff.
 - Developed staffing schedules

- **Employee Health Database:** Developed and implemented a solution for tracking employee health requirements.

Existing systems enhancements include:

- **Avatar Electronic Billing configured and implemented:**
 - Implemented electronic claims processing for AHCCS
 - Created technical documentation of e-Billing process
 - Developed a system for tracking outpatient appointments and associated claims from providers including a denial processing
 - Developed a system for patient financial eligibility
 - Developed a system for monitoring hospital utilization management tied to patient financial eligibility
- **The Avatar System was enhanced to:**
 - Developed system to fully automate processing the daily/weekly/monthly production reports
 - Updated Avatar application software to current release levels
 - Developed testing protocol to ensure minimal impact to production including Decision Support System
 - Migrated backup files from hospital to production ITS

Budget Challenges: 2008

A.R.S 36-209 D

The Hospital experienced a very lean budget year due to reduced revenues and significant program increases. The Hospital took steps to reduce expenditures and increase revenues to successfully navigate through the fiscal year without a supplemental request. Steps taken included:

- Consolidated functions in various departments eliminating the need to hire for several positions resulting in cost savings.
- Contracted out Phlebotomy Services to Maricopa Integrated Health Services eliminating two positions.
- Increased collections of Federal Title XIX revenues for patient care (approximately 3.4 million)
- Developed a new billing/financial database to ensure that adolescents/adults receiving medical services outside the hospital are billed to Title XIX instead of the Hospital.
- Implemented Medicare D billing for prescription drugs to offset drug expenditures.
- Reduced overtime through use of pool staff and other program changes
- Contracted for a new automated time and attendance system to reduce overtime and the need for timekeeping staff, as well as increase the accuracy of time recording.
- Approved only emergency repairs at the hospital. Non-essential requests were held.
- Identified all surpluses in buildings and used surplus items to fill staff requests instead of purchasing new items.
- Delayed hiring for some positions.

- Reduced spending for non clinical areas, eliminating travel and reducing outside training to only those required.

BUDGET REQUESTS FOR '09 LEGISLATIVE SESSION

Arizona State Hospital Fund

The Arizona State Hospital Fund was originally established in part to offset a decrease in Hospital general fund appropriation. The monies in this fund come from collections of billings for Title XIX services and Restoration to Competency services. The Arizona State Hospital currently only has the legislative authority to bill Maricopa County, Pima County, and the Cities at 86% of the published rate for patients sent to the hospital for Restoration to Competency services. Rural Counties do not pay for Restoration to Competency Services at the Hospital. Both Maricopa County and Pima County have started their own Restoration to Competency programs and therefore referrals from these two counties have significantly decreased. In the past, the Arizona State Hospital fund has been able to financially support its expenditure authority and operational needs because of non-reverting monies from fiscal years when all counties were able to be billed for Restoration to Competency services. There are no longer any carry forward monies left and the total need for the Hospital fund in 2010 is \$3,000,000.

Arizona State Hospital Land Fund

The Arizona State Hospital Land Fund receives monthly payments of rental income from the Land Department and interest income from the Treasurer's Office. The Arizona Enabling Act requires that the money in this fund be used only for the State Hospital. For FY 2009, the cash balance in this fund was able to support a one-time increase in appropriation by \$800,000 for the State Hospital Operating Budget. The intent of this one-time increase was to use the available cash in the Arizona State Hospital Land Fund and reduce the General Fund appropriation by \$800,000. For FY 2010 the Hospital is requesting that the \$800,000 appropriation be shifted back to the General Fund.

Hepatitis C Funding

Hepatitis C viral infection is now at epidemic proportions in the USA. Infectious rates are relatively higher in populations of incarcerated individuals and IV drug abusers. Untreated Hepatitis C infection results in severe medical morbidity and mortality. Current statistics show that approximately 20% of the Arizona State Hospital's patients are Hepatitis C positive. Approximately one-half of these require on-going treatment at any one time. With the current level of funding, the hospital can only afford to treat a few Hepatitis C positive patients.

ARIZONA STATE HOSPITAL – FINANCIAL SUMMARY
FISCAL YEAR 2008

Funding Sources (General Operations Based on Budget Allocations): *

Personal Services and Related Benefits - General Fund	\$42,738,538
All Other Operating - General Fund/Az State Hosp Fund	\$14,195,462
Rental Income	\$527,248
Endowment Earnings	\$350,000
Patient Benefit Fund	\$90,000
Donations	\$30,000
Psychotropic Medications	\$63,500
Community Placement - General Fund	\$5,574,100
Community Placement - Az State Hosp Fund	\$1,130,700
Total Funding	<u>\$64,699,548</u>

Expenditures: *

Personal Services and Related Benefits	\$42,696,275
Professional and Outside Services **	\$7,643,633
Travel (In-State)	\$57,495
Travel (Out-of-State)	\$0
Other Operating	\$6,245,716
Capital Equipment	\$133,350
Assistance to Others	\$6,671,275
Total Cost of Operations	<u>\$63,447,744</u>

Collections :

Patient Care Collections to General Fund	\$1,292,724
Patient Care Collections to Az State Hosp Fund - RTC	\$1,720,009
Patient Care Collections to Az State Hosp Fund - Title XIX	\$4,045,789
Non-Patient Care Collection to General Fund	\$6,787
Total Collections	<u>\$7,065,309</u>

* Excludes SVP Program.
Contract Physicians, Outside Hospitalization Costs, Outside Medical Services, and privatization of support services.

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Daily Costs by Treatment Program: ****

Specialty Rehabilitation	\$767
Adolescent Treatment	\$981
Psychosocial Rehabilitation	\$640
Forensic - Restoration to Competency	\$598
Forensic Rehabilitation	\$566
Average	\$632

**** Rates became effective 7/01/07.